



SUNFLOWER ELECTRIC POWER CORPORATION

A Touchstone Energy® Cooperative 

... energy done right

Kansas Department of Health and Environment

Statement of Kyle Nelson
Concerning the Proposed Kansas Air Quality Construction Permit
Of Sunflower Electric Power Corporation

August 4, 2010

My name is Kyle Nelson. I am the Senior Vice President and Chief Operating Officer for Sunflower Electric Power Corporation. I support your approval of the proposed permit and would like to discuss our generation portfolio and our support of renewable energy.

Sunflower recognizes the importance of preserving our environment and is committed to advancing practical and cost-effective ways to develop new forms of alternative energy.

Some Holcomb project opponents have represented that coal technology is outdated and that Sunflower hasn't recognized the benefits of renewable technologies. In fact, Sunflower has demonstrated strong support for renewable energy as evidenced by our existing generation portfolio which is 48% natural gas, 42% coal, and 10% wind based on nameplate ratings.

Sunflower has strongly supported wind energy production through the purchase of energy from approximately 325 wind turbines located on two wind farms in central and western Kansas. Collectively, these wind turbines have a nameplate rating of 125 megawatts.

Legislation creating a renewable portfolio standard (RPS) was passed in 2009 that requires most Kansas utilities, including Sunflower, to generate or purchase specified amounts of electricity generated from renewable resources. This legislation requires that a utility's renewable generation rating must constitute not less than 10

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percent of a utility's peak demand for calendar years 2011 through 2015; not less than 15 percent for calendar years 2016 through 2019; and not less than 20 percent for each calendar year beginning in 2020. In 2007, Sunflower became one of the state's first electric utilities to meet then Governor Sebelius' wind energy challenge. Sunflower is proud to identify that we already have more than 20 percent wind energy based on the Kansas RPS regulation rules.

Based on a 2009 agreement with Governor Parkinson, Sunflower also agreed to facilitate additional Kansas wind resources equal to 20 percent of the production capability of the proposed Holcomb unit representing an additional 179 megawatts of wind resources beyond the legislative RPS requirements mentioned above.

Besides a strong commitment to wind energy, Sunflower is working with developers of what would be the nation's first hybrid cellulosic ethanol plant and utility unit using crop residue and other potential biomass from the region and located near Hugoton, Kansas. The projected local economic impact of this potential project is significant providing approximately 500 construction jobs and nearly 100 fulltime jobs once completed. The project will provide an estimated \$17 million in additional local income during construction and more than \$20 million annually once operational. This exciting \$550 million project is another example of how local electric cooperatives are pursuing new energy solutions to meet the growing demand for electricity while stimulating the economy in an environmentally sound manner.

In addition to these wonderful renewable energy projects, Sunflower has partnered with the National Institute of Strategic Technology Acquisition and Commercialization (NISTAC) to create Sunflower Integrated Bioenergy, LLC. In cooperation with the Kansas Bioscience Authority, this new entity is working to facilitate innovative approaches to find a practical solution for carbon emissions. This partnership first completed algae testing at Holcomb Station to develop potential feed stock to produce bio-fuels and other useful products. This strategic alliance is continuing efforts

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on other exciting initiatives that could prepare Sunflower and perhaps other utilities and other industries for potential future carbon legislation.

Sunflower and its partners are actively engaged in efforts to ensure that we keep the lights on in central and western Kansas in a way that protects the public's health and the environment.

I urge you to approve Sunflower's permit application as proposed, and I thank you for the opportunity to speak today.